THE JOHN L. HENNESSY AWARD

Board member believes in community involvement

In 1940, a program was developed to motivate the U.S. Air Force to provide better foodservice facilities for the enlisted men. Each year, the Air Force command that is judged to have the best foodservice program receives an award — named after one of the nation's most capable and respected hotel restaurant executives, **John L. Hennessy**. NRA sponsors the program.

Roger Anderson, NRA board member and owner of Robbie's Restaurant, Inc., in Great Falls, MO, plays an active roll in supporting Malmstrom Air Force Base's efforts to win the Hennessy. "We realize that Malmstrom Air Force Base is one of Great Falls' basic industries and a viable part of our community. Helping Malmstrom win the award is just one way of showing our appreciation to the Air Force for being here," explained Anderson.

Anderson, his restaurant and his entire community must be doing something right. Malmstrom Air Force Base won the Hennessy in 1977 and again in 1978 and has a good chance of winning it for the third time in 1982. They have already won the two preliminary evaluations.

Anderson explained the program that he and the Great Falls community have set up to aid Malmstrom Air Force Base's victory. "Starting in 1977, we took the enlisted men who were cooks out at High Plains Inn — Malmstrom Air Force Base's foodservice facility — and placed them in Robbie's Restaurant for two weeks. One person at a time, they go through the community training program, which consists of acquiring foodservice techniques.

"The first week, the enlisted man learns how to prepare sauces, soups, gravies and meats. The second week, short order cooking is taught at Robbie's. From Robbie's, the cooks are placed in a hotel foodservice operation where they learn hors d'oeuvres preparation, garnishings and ice carvings. They then go to the Mexican restaurant and learn the techniques of Mexican cooking and on to the fast food operation to learn about that. When the enlisted cooks have acquired all these techniques, they go back to their base and apply this knowledge to their own facility. A vigorous inspection follows," explained Anderson.

Hennessy — a coveted AF award...

The Strategic Air Command (SAC), headquartered in Omaha, NE, sends out an evaluation team that visits 25 Air Force bases. Out of these 25 bases, five are selected to be preliminary winners. At this time, another evaluation team is selected from the Omaha headquarters to review the five preliminary winners. One winner is chosen from these five bases to compete for the Hennessy award. At this point, NRA sends out its team of experts which tours the eight commands worldwide and judges the foodservice operations.

If Malmstrom Air Force base wins in 1982, it will be the third time, and they will receive the Hennessy trophy, which is awarded at the NRA Show in Chicago. NRA sponsors a special Hennessy award luncheon for the winners.

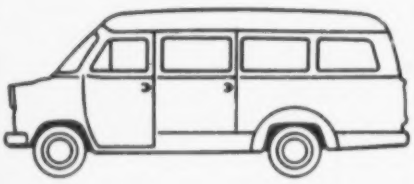
Anderson says, "It is an exciting program for Robbie's, the Great Falls community and the Malmstrom Air Force Base. We feel that everyone involved is benefitting, and we are having a lot of fun doing it. Everyone at Great Falls is pulling for Malmstrom Air Force Base."

The 1982 evaluation team members for the John L. Hennessy Award include NRA Director Michael O'Neal, The Ginger Man Group, New York, NY (left) and NRA Past President Martin L. Horn, Jr., The Horn Family Restaurants, West Orange, NJ. Other members of the team are Edward Manley, (Broward County Hospital, Fort Lauderdale, FL) representing the International Food Service Executives Association and Richard Ysmael (Motorola, Inc., Schaumburg, IL) representing the Society for Foodservice Management, Inc.

THE LAW

Van pooling — an interesting employer-employee fringe benefit

Ordinarily an employer must pay an employee wages for driving vans or buses owned or rented by the employer to transport other employees to and from work. Payment is due regardless of whether the employee driving has been selected by the employer or has volunteered to do so without pay in order to get free transportation wages.



However, there are circumstances under which payment of wages for van or bus driving is not necessary. It is called van pooling and has been successfully instituted by many companies.

Under a van pooling program, the employer first surveys his employees to determine how many would be interested. The employer then maps out the residence locations of those employees. Passenger vans are purchased or leased by the employer, and the interested employees are grouped into pools according to geographic areas. A committee of these employees then interviews persons who might be interested in serving as pool coordinators or pool drivers.

The coordinator, with the help of the pool members, then determines routes and pick-up times, much as in an ordinary car pool. The pool coordinator keeps the van at his home, having use of the van during his off-hours and on weekends at a specified per mile rental rate. Participating employees pay fares calculated to cover the employer's acquisition and operating costs. The coordinator-driver may retain funds (fares) received from passengers in excess of the required eight-passenger minimum.

Employer plays minimum role...

The program is intended to provide transportation, primarily for the benefit of participating employees. Participation is entirely voluntary, and the employees are free to accept or reject the arrangement at any time; the employee-driver is chosen by the participating employees, who also control the pick-up times and the route. The employer has virtually no control over the arrangement and is under no contractual obligation to provide such transportation. Under these circumstances, the time spent by those employees who drive the commuter vans would not constitute compensable hours of work within the meaning of the law.

Tax refunds available under the Rowan decision

On June 8, 1981, the U.S. Supreme Court in the case of *Rowan Companies, Inc. vs. U.S.* held that the value of meals provided for the convenience of the employer are not wages for purposes of the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA) or federal income tax withholding. As of that date, employers were authorized to stop paying those taxes and could request refunds of taxes paid for the previous three years. On Dec. 3, 1981, the IRS issued Internal Revenue Procedure 81-69, which outlines procedures to be followed in claiming refunds.

How do I get a refund or credit?...

A refund can be applied for by filing either (1) a claim for refund (IRS form 843), or (2) a credit, obtained by making an adjustment on the current employer's quarterly federal tax return (IRS form 941). Before you file any forms, you must analyze your payroll records and determine the amount of FICA and FUTA taxes attributable to the value of meals provided. If the employee's other wages were more than the maximum FICA earnings for the analyzed year, no refund or credit can be claimed. The maximum FICA wages for 1978–1981 are

year	maximum FICA earnings
1978	$17,700
1979	$22,900
1980	$25,900
1981	$29,700

When should I file my claim?...

Ordinarily, to claim a Social Security refund, you have three years after April 15 in the year in which the taxes were paid. Therefore, you would file an overpayment claim by April 15, 1982, for the FICA taxes you have paid in 1978 and subsequent years.

In certain cases, you may wish to claim a credit for overpaid FICA taxes instead of applying for a refund. If you choose that course of action, the credit is claimed on the employer's quarterly federal tax return (Form 941) in the calendar quarter in which the error was discovered.

FUTA refunds—There is a set time for claiming federal unemployment taxes. In most instances, the time period is three years. You are required to file IRS form 843 by Jan. 31 of the year directly following the calendar year covered by IRS form 940. For example, to claim an overpayment refund of 1978 federal unemployment taxes, you must file your claim by Jan. 31, 1982.

STATE DEPARTMENT

Henry Montague defines importance of association involvement

Henry A. Montague has served the foodservice industry with distinction in various professional and volunteer capabilities. Monty—as he is known by his friends—is a graduate of Cornell University's School of Hotel Administration. His career has spanned positions from general manager of the Pentagon Building Food Service, Washington, DC, to president and chairman of the board of Greyhound Food Management, Detroit, MI. Additionally, he was elected chairman of the board of the Michigan Restaurant Association (MRA) and, in 1962, industry leaders selected him as president of the National Restaurant Association.

Coaxed out of retirement in 1973 by his fellow Michigan foodservice operators, Monty accepted the challenge of running the Michigan Restaurant Association as its president. Last year, the International Society of Restaurant Association Executives (ISRAE) chose him to head their organization.

With his extensive background in foodservice, Monty offers a unique and authoritative perspective on the industry and the role of an association executive.

NRA: After a full and successful corporate life, why did you decide to manage a state restaurant association?

Montague: When I left Greyhound Foodservices, I thought I had retired; however, the MRA was faced with the sudden loss of their executive and asked that I temporarily step in while they searched for a new one.

I am most happy that they decided not to look very hard. It has been almost eight years since I came to MRA, and I still have the privilege of heading a great association, directing a fine staff and continuing to work in the field in which I have been involved for over 47 years with some of the greatest people in the world — restaurateurs.

Q: With your perspective as both a corporate leader and an association executive, how would you contrast the job responsibilities?

A: The responsibilities are the same except that we as an association depend on our many volunteers for success in addition to directing the activities of our professional staff. Much of our success depends on the support and input that we are able to get from these volunteers.

Q: What is the value of the state restaurant association to the foodservice operator?

A: As the federal government moves control of spending and programs out of Washington and into the state capitals, as well as into individual communities, I feel that the work and involvement of the local association will be very important. In order to meet President Reagan's objectives, local legislative bodies will have to solve more of their own problems, and we as a state association have got to see that they do it in a way that is fair to our industry.

Q: You have a perspective of the industry that many of us don't share. Over the years, how have you seen the food industry change?

A: I think one of the most important changes has been on cost priority. When I first started in the industry, we based our success or failure on food costs. Later, labor costs came into the picture, and gradually we had to assume that our operation's success depended on combined food costs and labor costs. Suddenly, utilities have reached the same priority as food and labor costs, and utilities will continue to climb. This is an expense that we will have to deal with. We will have to find the answers before we can continue to run successful operations. I also feel

Henry Montague

that our customers are much more knowledgeable. There is also a greater desire to dine out than there was many years ago.

Q: What will be the major issues of the 80s for the restaurateur?

A: Local taxation and control, more sophisticated customers and the need for making dining out an experience rather than just a meal.

Q: What is the value of NRA to the state association?

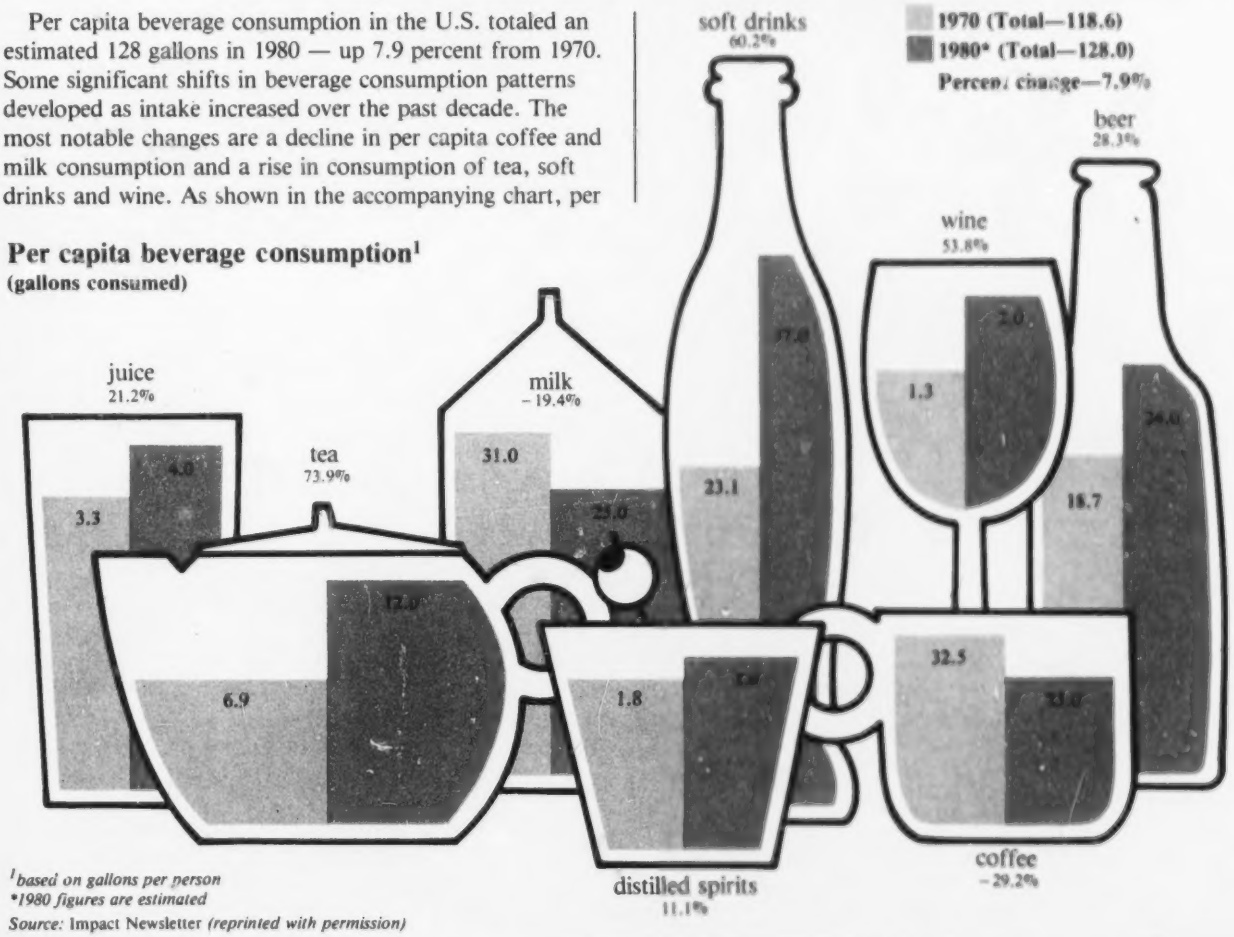
A: Of course, what immediately comes to mind is representation in the federal capital where so much occurs that concerns our industry. If we didn't have an NRA defending our position, we would be almost helpless as individual associations. The educational facilities of NRA are also important. I believe it is very important for NRA to continue to do research and provide information to state executives and to state associations. We are always proud to have NRA act as our national representative of the industry, and in their promotion of our industry, I feel that they strongly promote the importance of the state associations.

FOODSERVICE TRENDS

Beverage consumption continues to increase

Per capita beverage consumption in the U.S. totaled an estimated 128 gallons in 1980 — up 7.9 percent from 1970. Some significant shifts in beverage consumption patterns developed as intake increased over the past decade. The most notable changes are a decline in per capita coffee and milk consumption and a rise in consumption of tea, soft drinks and wine. As shown in the accompanying chart, per

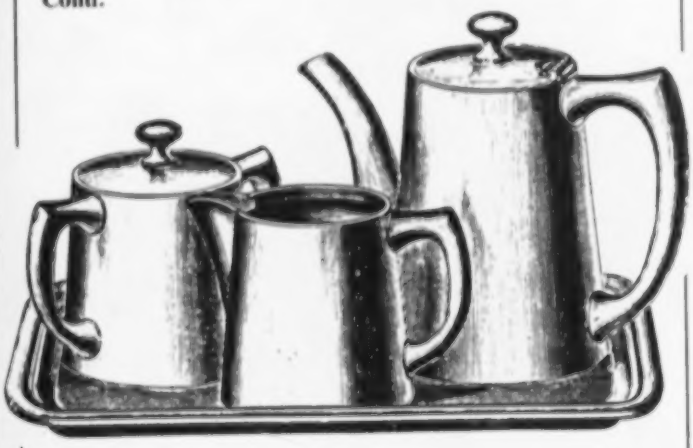
Per capita beverage consumption[1]
(gallons consumed)



[1]based on gallons per person
**1980 figures are estimated*
Source: Impact Newsletter *(reprinted with permission)*

capita consumption of tea and soft drinks experienced the most rapid growth — 74 percent and 60 percent respectively. Per capita consumption of wine now totals 2.0 gallons — up 54 percent from 1.3 gallons in 1970.

In contrast, milk consumption has dropped from 31 gallons per person in 1970 to 25 gallons in 1980. Per capita coffee consumption now totals 23 gallons — down 29 percent from 32.5 gallons in 1970. "A combination of the increased awareness of the relationship between diet and health among consumers, the lowering of the drinking age in many states and a more sophisticated beverage consumer are responsible for much of the change in the type and quantity of beverages Americans consume," explained **NRA Chairman Walter Conti.**



Beverage consumption varies significantly by meal occasion and restaurant type, according to analysis of recent CREST* data. (See January 1982 Foodservice Trends for beverage consumption in dinner houses.) Consumption also differs by demographic characteristics, such as age, sex, household income and region of the U.S.

Coffee is the most popular breakfast beverage...

Coffee is the most popular beverage at the morning meal — ordered at 51 percent of the breakfasts. Fruit or vegetable juice and milk are also popular at morning meals — ordered at 18 percent and 9.4 percent of the breakfast occasions, respectively. Results from a recent Gallup survey concur that coffee and fruit juice are the most popular breakfast drinks.

CREST data also revealed that coffee is again the most popular morning snack drink — consumed on almost 39 percent of these occasions.

Coffee is particularly popular at family restaurants and coffee shops — ordered on 38 percent and 31 percent of the occasions respectively. Family restaurants account for the largest share of the breakfast market and, therefore, serve the largest amount of coffee. (See "Breakfast market share increases" in this issue.)

Findings from an NRA/CREST study on the demographics of menu items ordered reveal that among those who visit restaurants, coffee is ordered most frequently by individuals age 50 to 64, accounting for nearly 37 percent of the occasions on which coffee was consumed in restaurants. Persons age 65 and over also order coffee on a disproportionately large share — 20 percent of the occasions. Males order coffee more frequently than females — 55.3 percent versus 44.7 percent respectively.

The amount of coffee consumed in restaurants also differs by household income. CREST panel members from households with incomes of $30,000 and over account for almost 29 percent of the coffee orders. Customers from families with incomes of $25,000 to $29,999 consume a smaller portion, 11.5 percent, of the total orders.

Coffee most popular in north...

Results from the SIP Study (Share of Intake Panel) on beverage consumption, conducted for *Impact Newsletter* by National Family Opinion, Inc., found that restaurant patrons from the north central region consume the most coffee —

Beverage servings by restaurant type

	Non-alcoholic beverages		
	coffee	diet soft drinks	regular soft drinks
Fast food	6.6%	4.8%	34.7%
Family	31.2	2.7	19.8
Take out	5.4	3.3	22.8
Cafeteria	28.4	4.8	18.1
Coffee shop	37.6	2.2	13.2
Atmosphere/specialty	18.0	2.6	17.4

Note: Percent represents percentage of occasions on which beverage was ordered in an average two-week period, September 1980 through August 1981.

Source: CREST, NPD Research, Inc.

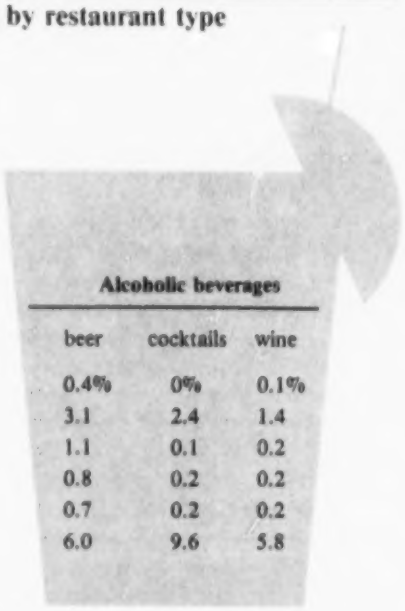
*Consumer Reports on Eating Share Trends

29.4 percent. The western region has the lowest consumption rate — 20.3 percent.

Soft drinks ordered most frequently at lunch...

Soft drinks, both regular and diet, are the most popular lunchtime beverage — ordered on 32.5 percent and 5.4 percent of the occasions respectively. Tea is also a popular beverage at lunch — ordered on nine percent of the occasions.

Beverage servings by restaurant type



	Alcoholic beverages		
	beer	cocktails	wine
Fast food	0.4%	0%	0.1%
Family	3.1	2.4	1.4
Take out	1.1	0.1	0.2
Cafeteria	0.8	0.2	0.2
Coffee shop	0.7	0.2	0.2
Atmosphere/specialty	6.0	9.6	5.8

Note: Percent represents percentage of occasions on which beverage was ordered in an average two-week period, September 1980 through August 1981.

Source: CREST, NPD Research, Inc.

Soft drinks are particularly popular at fast food restaurants, where they are ordered 40 percent of the time. Fast food restaurants account for a relatively large share of the lunch market, which contributes to their large proportion of soft drink servings.

Diet drinks more popular among females...

Diet soft drinks are most popular among restaurant patrons age 25 to 49. This group orders diet drinks on a disproportionately large share of the occasions, whereas children under 12, teenagers and those age 18 to 34 are heavy users of regular soft drinks. Analysis of the CREST data indicates that females consume diet soft drinks more frequently than males who show a preference for regular soft drinks. Female restaurant patrons order diet soft drinks on 64 percent of the occasions while males order diet drinks on only 36 percent of the occasions. Regular soft drinks are ordered by males on over half — 51 percent — of the restaurant occasions while female orders account for 49 percent.

CREST data revealed that soft drink consumption also varies by income level. Panel members from families with an income of $30,000 and over are heavy users of diet soft drinks whereas those from families earning between $10,000 and $25,000 show a preference for regular soft drinks.

The SIP study found that people in the southern region of the U.S. account for the largest share of total soft drink consumption — 39 percent — while the western region consumes the smallest share, 14.3 percent.

Alcoholic beverages popular at the evening meal...

Alcoholic beverages, including beer, wine and cocktails, are ordered most frequently at supper. Cocktails are the most popular alcoholic beverage at dinner — ordered on 3.5 percent of the occasions. Beer is ordered on 3.0 percent of the supper occasions while wine is ordered on 2.1 percent of the dinner occasions.

The NRA consumer survey on *Attitudes Towards Alcoholic Beverage Service in Restaurants* also found that consumers order alcoholic beverages most often at supper. Forty percent of the respondents indicated they order alcohol, other than beer or wine, at dinner while only 14 percent indicated they do so at lunch.

Alcoholic beverages are ordered most frequently at atmosphere/speciality restaurants. Cocktails are ordered on 9.6 percent of the occasions at this restaurant type, followed by beer on 6.0 percent of the occasions and wine on 5.8 percent of the occasions.

The NRA/CREST study on the demographics of menu items ordered reveals significant differences in servings of alcoholic beverages by sex. Male restaurant clientele account for a disproportionate share — 76 percent — of the occasions on which beer is ordered while females order beer only 24 percent of the time. Females show a preference for cocktails and wine, accounting for over half — 52 percent — of the occasions on which cocktails are ordered and 55 percent of the time wine is ordered.

Alcoholic beverage consumption varies by age group and and income level. CREST data show that panel members age 25 to 64 and those from families earning $25,000 and over are heavy users of alcoholic beverages, such as beer and wine.

Consumption of alcoholic beverages also varies by region of the U.S. The southern region accounts for the largest share — 32 percent — of total consumption of ale or beer while the western region has the smallest consumption proportion — 15 percent. The SIP study found that Southerners also consume the largest proportion — 31 percent — of the distilled spirits. The western region, however, has the largest proportion of wine consumption at 30 percent.

Breakfast's market share continues to increase

Breakfast is becoming a more popular restaurant meal. Many operators are adding breakfast items to their menus to build customer counts, while others have started to expand their hours by opening during the breakfast period. As a result, breakfast was the only meal occasion with increased traffic counts during 1979–1980. The morning meal also posted the largest rise in customer counts for the most recent CREST* year (September 1980–August 1981) — up 5.8 percent. Changing demographic and life-style trends, which put more emphasis on convenience and eating out, have spurred the growth in the breakfast market.

The morning meal accounts for a continually increasing share of CREST sales — 5.5 percent in the September 1980–August 1981 period. This rise is up from 5.1 percent during the year-earlier period and 4.8 percent in the 12-month period ending August 1979.

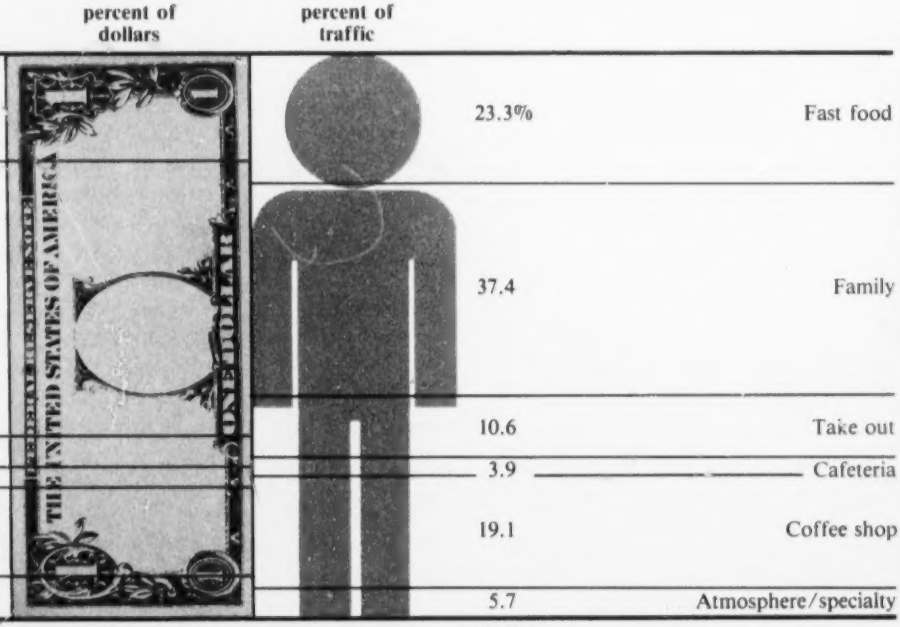
Breakfast's share of customer traffic has also been on the upswing, accounting for 7.5 percent of eater occasions in the most recent year, up from 7.2 percent during the 12-month period ending August 1980 and 6.7 percent in 1979.

"A combination of the increased availability of a convenient breakfast as more restaurants have added the meal to their menu, increased awareness of the nutritional importance of breakfast and a positive price/value relationship accounts for the upswing of customer counts in restaurants," explained **NRA Director of Research Susan Mills.**

Family restaurants have largest share of breakfast market...

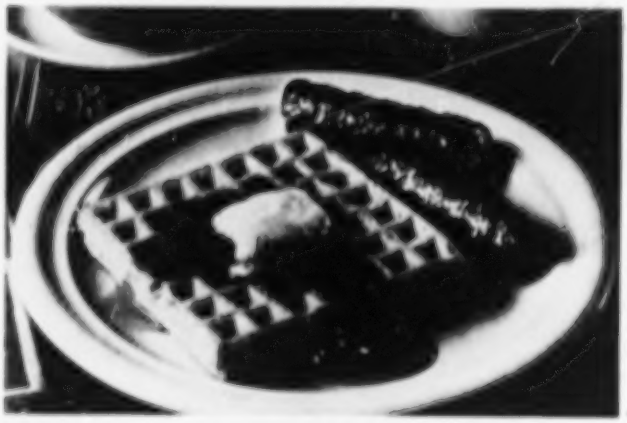
Family restaurants account for the largest share of the breakfast market followed by fast food restaurants and coffee shops. (See accompanying chart.) In the CREST year ending August 1981, family restaurants accounted for 48.3 percent of breakfast sales and 37.4 percent of customer counts. Fast food restaurants accounted for 19.3 percent of sales and

Share of breakfast market by restaurant type



Source: CREST, NPD Research, Inc.

*CREST — Consumer Reports on Eating Share Trends



23.3 percent of eater occasions while coffee shops held 15.5 percent of sales and 19.1 percent of traffic.

Although family restaurants have accounted for the largest share of the breakfast market for the past few years, their share of traffic has increased only moderately, and their share of sales has declined slightly. Breakfast business going to cafeterias, coffee shops and atmosphere/specialty restaurants has also declined over the past two years.

Fast food share expands...

Fast food outlets are posting the strongest gains in the breakfast market. Their share of breakfast sales has increased almost 30 percent — from 14.9 percent of the market in 1979 to 19.3 percent in 1981. The fast food share of traffic has also increased, rising 25 percent from 18.6 percent of the market in 1979 to 23.3 percent in 1981.

An increasingly large proportion of fast food restaurants are including the morning meal on their menu. This trend, along with the lower average check size and the convenience factor of fast food restaurants, most likely accounts for the growing share of the breakfast market moving to fast food facilities.

Males and people age 22 to 40 eat breakfast out frequently...

Males are much more likely to eat out for the morning meal than females. Eighteen percent of the males surveyed had eaten breakfast away from home at least once in the past week compared to only 12 percent of the females, according to the *NRA Meal Consumption Behavior Study*.

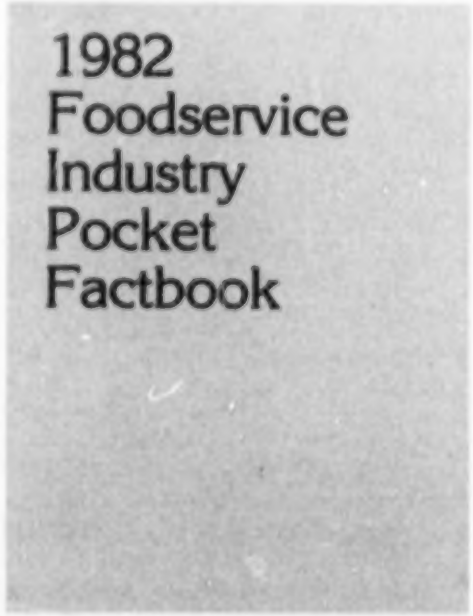
People age 22 to 40 also eat breakfast out more frequently than other age groups. Eighteen percent of those surveyed in this age group reported they had eaten breakfast out at least once in the past week, compared with 16.6 percent of those age 41 to 64 and 11.8 percent of those age 21 and under. "Since a large proportion of males and those age 22 to 40 participate in the labor force, they are likely to find eating out for the morning meal easier and more convenient," according to Susan Mills.

NRA's meal consumption survey also revealed that people from small households — only one or two members — eat breakfast out more frequently than those from larger households. Eighteen percent of those who live alone and almost 17 percent of those from two-member households reported they had eaten breakfast out at least once in the past week. This compares to only 12.3 percent of those from households with five members and almost 14 percent of those from four-person households.

Trends favor breakfast...

"The morning meal's share of traffic and sales should continue to grow," predicted Mills. Demographic trends, including the increasing age of the population, a rise in the number of one and two-person households and the continued increase in the number of working women, should benefit the restaurant industry in the 1980's.

The increase in the number of working women is especially significant. The labor force participation rate for women 16 years and over is forecast to increase from 51.5 percent in 1980 to 58.7 percent in 1985 and 63.2 percent by 1990. These demographic groups, which are expected to expand most rapidly are the same ones that are most likely to eat breakfast away from home.



Fold up the attached factbook put together by NRA and keep it in your wallet. It is handy for responding to media questions, as well as getting a general idea of how the foodservice industry is faring.

Commodity spotlight — price and availability forecast

Wholesale food prices remained unchanged in December 1981 from the month earlier, according to the Bureau of Labor Statistics' *All Food, Producer Price Index*. However, wholesale food prices for restaurant operators rose slightly, 0.5 percent, during the same one-month period. Higher prices for fresh vegetables, fruits and juices and fish and shellfish contributed to the increase in food costs for restaurant operators during this one-month period.

In 1981, overall wholesale food costs rose at a slightly faster rate than food costs for restaurant operators. The Bureau of Labor Statistics' *All Food, Producer Price Index* averaged 3.1 percent higher while the NRA Food Cost Index rose 3.0 percent from the same period a year ago.

Vegetables — The recent freeze in Florida damaged the mature tomato and green pepper plants in the southeastern and southwestern portions of the state, however, the younger plants survived. As a result USDA economists expect tighter supplies and higher prices through late February. Lettuce prices and supplies will not be affected as most of the winter production is from California's Imperial Valley.

Area for processing vegetables declined in 1981 — down three percent from the prior year. Retail prices for most processed vegetables will average moderately higher in the first half of 1982, reflecting tighter supplies and higher processing and marketing costs.

Fruit — It is too early to determine the extent of the freeze damage to Florida citrus crops, according to USDA Economist Ben Huang. However, early reports indicate 80 percent of the orange crop was ice covered. As a result, juice yield will most likely be lower and higher prices can be expected for frozen concentrate. Prices for fresh oranges are also expected to be much higher due to the recent freeze in Florida and the smaller crop harvested in the 1980-1981 season.

Beef — USDA estimates beef production will total 5,550 million pounds in the fourth quarter of 1981 — a decline of 0.6 percent from the same period a year ago. Producers are bringing fewer grain-fed cattle to market, however, the number of grass-fed marketings is increasing. Grazing conditions have improved and producers are reducing the number of feedlot placements. As a result, larger supplies of cheaper meats, such as hamburger, can be expected.

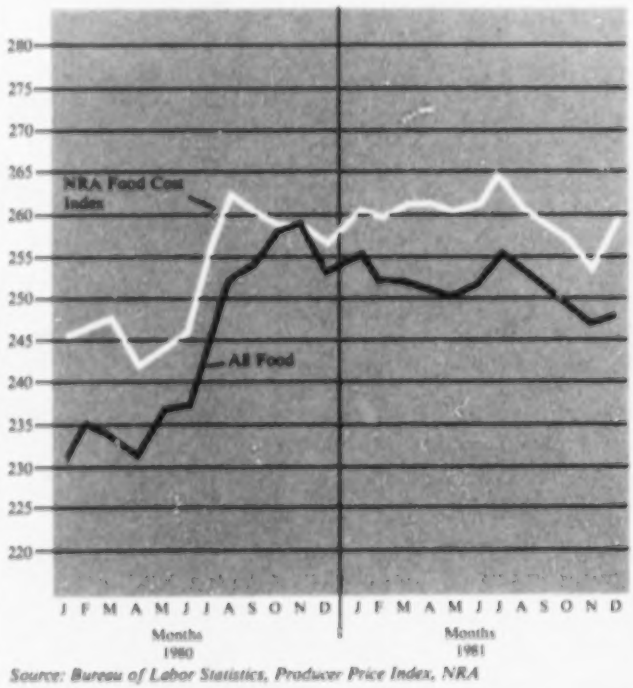
Prices for Choice steer at Omaha are forecast to average $61 to $63 per hundredweight in the final three months of 1981 — a decline of 5.4 percent from $65.51 in the same period in the prior year. Prices in the first half of 1982 are expected to range in the mid-$60s — little changed from a year ago. The weak economy held down livestock prices in 1981 as consumers opted to buy less expensive poultry products instead of beef.

Pork — Pork production is expected to decline five percent in the fourth quarter of 1981, and USDA forecasts output will continue to decline 10 percent in the first half of 1982.

Hog prices are expected to average $43 to $45 per hundredweight in the October-through-December period, a decline of 5.3 percent from $46.44 in the same quarter in 1980. USDA forecasts prices will range in the mid-$40s in the first half of 1982, up slightly from $42 in the same period in the prior year.

Broilers — Broiler output is forecast to increase in the final three months of 1981, however, it will be at a slower rate than in previous quarters. Production is estimated to rise four percent in the October-through-December period of 1981, compared with a gain of 10.5 percent in the prior quarter. The National Broilers Council expects poultry producers will continue to expand output in response to lower

NRA's Food Cost Index vs. All Food, Producer Price Index



Source: Bureau of Labor Statistics, Producer Price Index, NRA

pork production. They estimate output will increase three percent in the first quarter of 1982 from the period a year ago. Production is also expected to rise in the second quarter, up four percent from the same period in 1981.

Broiler prices are expected to average 42 to 44 cents per pound in the final three months of 1981, a decline of almost 14 percent from 49.9 cents per pound in the same period a year ago. USDA estimates prices will continue to fall during the first quarter of 1982 as they are forecast to average 46 to 50 cents per pound, down three percent from the same period in 1981.

Eggs — USDA estimates egg production will total 1,475 million dozen in the fourth quarter of 1981, down 0.5 percent from the year earlier level. Production in 1981 is expected to fall only slightly, 0.5 percent, below the prior year's level.

Egg prices are forecast to average 78 to 80 cents per dozen in the fourth quarter of 1981, up 2.7 percent from 76.9 cents per dozen in the same period in 1980. USDA estimates prices will average 73 to 74 cents per dozen in 1981 — a gain of 10.4 percent from 66.6 cents per dozen in 1980.

Although the information in this article is as up-to-date as possible at the time of publication, readers should be aware that prices and supplies of many commodities can change rapidly.

Commodity Price Index

Commodity	1979-1980	Dec. '80-Dec. '81	12 mos. '86-12 mos. '81	one month Nov. '81-Dec. '81
	percent change			
Bakery products	11.7%	5.9%	8.3%	0.2%
Flour & cereal	12.3	-1.9	-7.0	-2.2
Beef & veal	3.2	-8.0	-5.0	-0.6
Other meats	-2.7	-5.9	7.6	-3.5
Pork	-4.0	-3.5	11.5	-4.5
Poultry & eggs	1.0	-15.2	2.4	-4.7
Poultry	2.5	-17.5	nc	-3.6
Eggs	-2.8	10.1	9.2	-6.8
Fish & shellfish	-3.2	7.9	1.8	1.1
Sugar & sweets	35.4	-15.8	-2.9	0.4
Sugar	49.6	-25.0	-13.6	0.8
Vegetables	7.5	13.1	22.6	10.0
Fresh vegetables	8.6	10.9	27.1	15.7
Fruits & juices	4.2	15.9	4.1	2.6
Fresh fruit	4.1	19.9	-5.2	-5.4
Beverages	0.8	2.8	-2.3	0.5
Dairy products	12.1	1.8	6.4	0.1
Fats & oils	6.4	0.2	2.1	-0.1
NRA Food Cost Index	5.0%	-0.6%	3.0%	0.5%
All Food, Producer Price Index[1]	8.0%	-2.3%	3.1%	nc

[1] Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.

Sources: Producer Price Index, *Bureau of Labor Statistics; NRA*

Industry index

Sales at eating and drinking places increased 9.9 percent in November 1981 from the same month in 1980. During the first 11 months of 1981, eating and drinking place sales were 10.6 percent above 1980's level for the same period.

Eating place sales increased 11.9 percent in October from the same period in 1980 — recording real growth (adjusted for inflation) of 3.5 percent. During the first 10 months of 1981, real sales growth for eating places was 1.5 percent. The *NRA 1981 Forecast* predicted positive real growth of 1.0 percent in 1981 for eating place sales. This gain, if realized, will be the first increase in two years.

Menu prices (Consumer Price Index for food away from home) moderated somewhat in November, increasing eight percent from the same month a year ago. During the first 11 months, food away from home rose 9.1 percent from the same period in 1980.

The cost of food at home has been rising at a slower rate than food away from home, according to the Bureau of Labor Statistics' Consumer Price Index. Food-at-home prices rose only 3.4 percent in November from the same month a year ago — well below the 11-month average increase of 7.7 percent.

Retail sales
(000,000)

	Nov. 1981	percent change vs. year ago	year-to-date sales 1981	percent change vs. year ago
All stores				
Eating & drinking places				
Food stores				

Source: Bureau of Census, unadjusted data; subject to revision

Eating place indicators
(000,000)

	Oct. 1981	percent change vs. year ago	year-to-date sales	percent change vs. year ago
Eating & drinking places				
Food eating places (SIC 5812)				

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations, subject to revision

Consumer prices

	percent change vs. Nov. year ago	percent change 1981 to date vs. year ago	
Food away from home			
Food at home			
All items less food			

Source: Bureau of Labor Statistics

Employment and earnings

	Oct. 1981	percent change vs. year ago
Total food service employment		
Food service supervisory employment		
Food service hourly average hourly earnings		
Average weekly hours		

Source: Bureau of Labor Statistics

CREST REPORT

CREST highlights

- **Customer traffic at the nation's restaurants increased a modest 0.8 percent during the fall quarter over the same period in 1980. This small gain follows two quarters of strong growth.**
- **Although families visited restaurants more frequently during the most recent CREST period, some families dropped out of the eating-away-from-home market.**
- **CREST industry sales posted an increase of 10.3 percent in the fall quarter from the same period during 1980.**
- **Promotional usage continues to increase with 9.3 percent of eating out occasions involving a promotion in the September-October-November period, compared with 8.1 percent of the occasions during the summer quarter.**
- **Take out and family restaurants experienced the largest gains in customer traffic during the fall quarter — up 4.2 percent and 3.3 percent respectively.**
- **Breakfast customer counts rose 8.5 percent in the fall quarter over the same period a year ago — the largest gain for any meal occasion.**

Customer traffic increases 1 percent in fall quarter

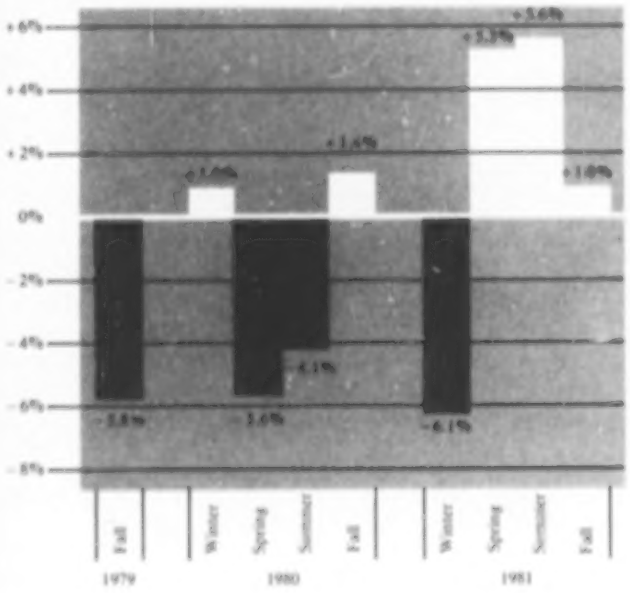
Although restaurant customer traffic posted its third consecutive quarter of growth during the most recent CREST* period, the rate of increase slowed significantly from the spring and summer when the economy was healthier. Traffic was up 0.8 percent during the fall quarter (September, October, November) over the same period during 1980, according to CREST information. This sluggish increase follows strong gains of 5.3 percent and 5.6 percent in the spring and summer quarters respectively. The modest advance during the fall period most likely reflects consumer reaction to the weakening economy.

*See explanation of CREST studies on page 24.

Gallup's "Monthly Monitor of Eating Out," tracking consumer behavior in the eating-away-from-home market, reported similar findings for the fall quarter. Thirty-six percent of the people interviewed in the Gallup September-October-November survey reported they had eaten out at least once during the preceding day — down slightly from 37 percent in the previous summer quarter.

NRA predicts industry performance will improve in 1982, particularly during the second half of the year when the economy is expected to strengthen. The effect of moderating inflation combined with rising disposable incomes will improve the climate for consumer spending this year. NRA forecasts eating places will experience real sales growth (adjusted for

Percent change in quarterly customer traffic (Fall '79–Fall '81)



Source: CREST, NPD Research, Inc.

inflation) of two percent in 1982 following a real increase of one percent in 1981.

Those families who dine out did so more often...

During the fall quarter, the number of times families went out to eat increased, however, some families dropped out of the market entirely. The average number of times patron families visited restaurants increased 2.4 percent during the September-October-November period — contributing to the modest rise in customer counts.

An analysis of visit frequency for those who ate at restaurants reveals a 4.0 percent increase in the number of visits to coffee shops. Families were also eating out more often at other restaurant types as the number of visits increased 3.0 percent at atmosphere/specialty restaurants, 2.7 percent at family restaurants and 2.4 percent at fast food establishments. However, families were eating out less frequently at cafeterias and take out restaurants.

Restaurant sales increase 10.3 percent...

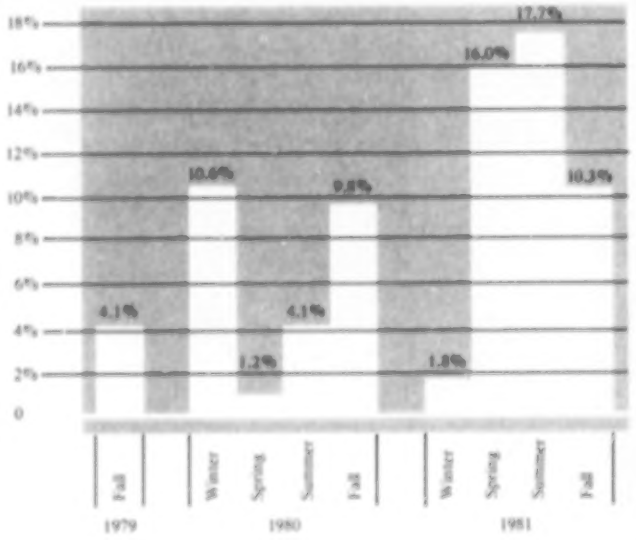
CREST sales posted an increase of 10.3 percent in the fall quarter over the same period in 1980. This increase follows stronger gains of 16.0 percent and 17.7 percent in the spring and summer quarters respectively.

The average per person expenditure for a restaurant meal or snack rose 9.3 percent for all restaurants during the September-October-November period. This gain was lower than the 11.7 percent advance experienced in the previous summer quarter. The increase in the most recent CREST period may be the result of changes in the type of menu items ordered by patrons. Menu price inflation, as measured by the Consumer Price Index (CPI) for food away from home, moderated in the fall quarter to 8.3 percent. This compares to more rapid gains of 9.5 percent and 9.1 percent in the spring and summer quarters respectively.

Promotional activity continues at high level...

Restaurant operators are continuing to use promotions as a means of building customer counts. In the fall quarter, 9.3 percent of the meal occasions involved a promotion — up from 9.0

Percent change in quarterly CREST sales* (Fall '79–Fall '81)



**Sales based on total U.S.; average for two-week period in each quarter*
Source: CREST

percent of the occasions in the same quarter last year.

A look at promotional usage by restaurant type shows fast food and family restaurants concentrate more on promotions. They were responsible for 12.5 percent of the eating out occasions at fast food restaurants during the most recent CREST period — up from 11.8 percent of the occasions in the same quarter a year ago. Promotional usage at family restaurants increased from 8.8 percent of the occasions in the fall quarter of 1980 to 9.5 percent during the most recent CREST period.

Traffic increases at take out and family restaurants...

Take out and family restaurants posted the strongest gains in customer traffic in the fall quarter. An increase in the proportion of families eating out at these restaurants accounted for much of the increase in traffic. Families were dining out more often at family restaurants, which also contributed to the increased traffic for this restaurant type. The growth in market penetration for take out restaurants is most likely the result of increased promotional usage as well as families "trading down" to this lower-priced restaurant.

Traffic at take out restaurants increased 4.2 percent during the fall quarter from the same period in the prior year. Promotional usage increased at this restaurant type, accounting for 6.2 percent of the occasions in the most recent CREST quarter — up from 5.6 percent in the fall period a year ago. The per person check size rose 9.2 percent for all restaurants. These factors may have increased the perceived price/value relationship of a meal at take out restaurants and contributed to the above average gain in traffic.

Customer counts at family restaurants were up 3.3 percent in the most recent CREST quarter over the same period in the previous year following two consecutive quarters of strong growth. The per person check size rose 11.8 percent in the September-October-November period — considerably faster than the 9.3 percent advance for all restaurants. Families were visiting this restaurant type more often in the fall quarter as visit frequency advanced 2.7 percent from the same period a year ago. The proportion of families eating out at family restaurants was up as well. These gains contributed to the increased customer counts for family restaurants in the most recent CREST period.

Atmosphere/specialty restaurants also experienced a rise in customer traffic during the most recent CREST period — up 1.7 percent from the same period in 1980. More families were eating out at atmosphere/specialty restaurants in the fall quarter and they were doing so more often — contributing to the rise in the customer counts.

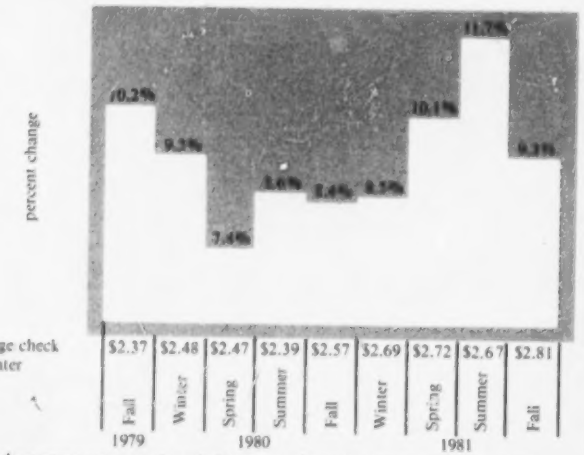
Traffic declined 1.0 percent at fast food restaurants during the fall quarter from the same period in 1980. This drop follows a 3.6 percent advance in the previous quarter. The average check size at fast food restaurants rose at a slightly faster rate than at all restaurants in the fall quarter, 9.6 percent versus 9.3 percent respectively. The proportion of families eating out at fast food restaurants decreased in the fall quarter. Many lower-income and blue-collar families whom CREST researchers believed dropped out of the fast food restaurant market in the summer quarter did not return. Lower patronage by this group most likely contributed to the decline in customer traffic at fast food restaurants during the most recent CREST period.

Cafeterias and coffee shops also experienced a drop in customer counts in the fall quarter. Fewer families eating out at these restaurants combined with an above average increase in the average check size contributed to the decline in traffic.

Breakfast traffic up 8.5 percent...

Customer counts at breakfast increased 8.5 percent in the fall quarter over the same period a year ago — the largest gain for any meal occasion. Breakfast traffic has increased in all but one of the past nine quarters and the strong rise during the most recent CREST period indicates this growth will probably continue despite the weakened economy.

Average per person check*
(Fall '79–Fall '81)



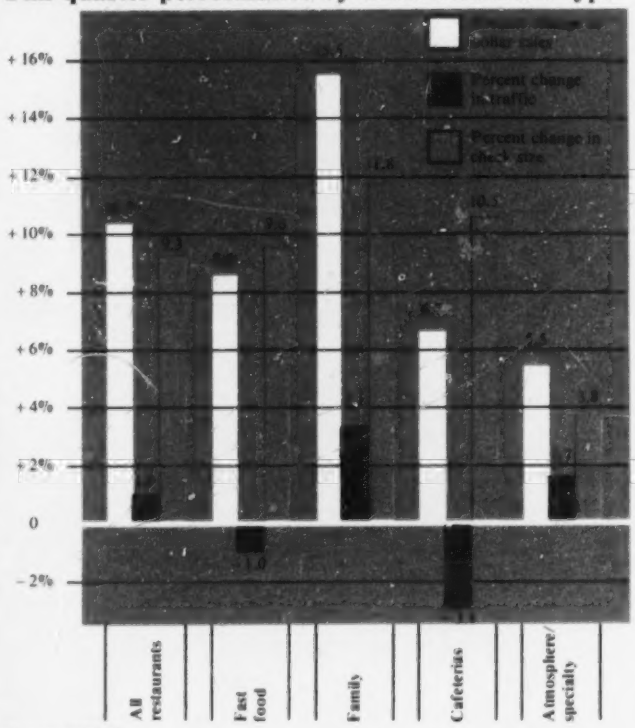
**Based on average two-week period. Percent change indicates increase in check size above the same quarter of the previous year.*
Source: CREST

The advance in the fall quarter is primarily the result of families eating out more often for this meal occasion since the number of visits was up 8.6 percent. The proportion of families eating out for the morning meal also increased in the September-October-November period from the same quarter a year ago. Average check size at breakfast rose at a considerably faster rate than at all meal occasions — 11.0 percent compared with 9.3 percent respectively.

Lunch traffic increased 3.8 percent during the most recent CREST quarter from the same period in the prior year following a strong 4.5 percent advance in the previous summer quarter. The per person check size for lunch rose 9.2 percent during the fall quarter — approximating the 9.3 percent gain for all meal occasions. More families were eating out for the noon-day meal and they were doing so more often as well, accounting for much of the growth in lunch traffic in the September-October-November period.

Customer counts at the evening meal fell 2.6 percent in the

Fall quarter performance by select restaurant type



Source: CREST

fall quarter from the same period in 1980. This decline follows a strong seven percent advance in the previous summer quarter. A drop in the number of families eating out combined with no increase in the number of restaurant visits at this meal occasion contributed to the decline in traffic. The average check size for supper rose at a somewhat faster rate than for all restaurants in the fall quarter — 10.6 percent versus 9.3 percent respectively.

Snacking occasions experienced only a slight 0.3 percent increase in customer counts during the fall quarter over the same period in 1980. This follows a stronger 2.5 percent advance experienced during the previous summer quarter. Average check size for snacks increased 11 percent in the most recent CREST period, considerably faster than the 9.3 percent advance experienced by all restaurants. The proportion of families eating out for this meal rose only moderately in the fall quarter as did the number of families eating out.

CREST (Consumer Report on Eating Share Trends) monitors customer behavior in the commercial sector of the foodservice industry. NRA reports quarterly on CREST behavior on sales trends in six categories of restaurants: (family, fast food, cafeteria, coffee shop, atmosphere/specialty and take out). Reporting on these trends aids the restaurateur in evaluating his own results against those for similar types of operations.

WHAT IS CREST?

Launched in September 1975, the CREST (Consumer Reports on Eating Share Trends) survey is designed to track expenditures and behavior in the commercial segment of the foodservice industry. While the study does track chain trends, a great deal more is available, including information by type and classification of restaurant and also by meal or snack period.

Some 10,000 families, or approximately 30,000 persons, are chosen to reflect the U.S. and participate in the study. Each family is asked to record restaurant experiences for a particular two-week period for each of the four quarters during the year. Because the study is repetitive, it allows an excellent opportunity to follow changing trends.

In order to properly complete the CREST diary, several steps are involved. Step 1 requires a daily entry for each meal during the two-week period for each household member. Whenever the code for restaurant purchases appears, the participant is asked to elaborate on the occasion by making further entries in the diary.

The second portion of the diary is used only if a household member ate or obtained food prepared away from home in establishments such as restaurants, hotels and motels, fast food/drive-ins, delicatessens, refreshment stands, carryouts, coffee shops, donut shops, ice cream shops, or eating places inside variety stores, or other retail stores. The diary will not include any meals eaten at schools, hospitals, colleges, or other institutional feeding places. When the two-week reporting period is complete, the diary is returned to NDP Research, Inc.

The CREST study is a joint effort of individual foodservice organizations acting in concert to fund a study perhaps beyond the economic reach of any of the individual participants. NRA is solely a participant in this study and not a sponsor. Readers wishing more information on how to participate in the CREST study should contact NPD Research Inc., 9801 West Higgins Road, Rosemont, IL 60018.

The CREST study is designed to provide information on customer behavior, not attitudes. This study will, therefore, provide the user with information on how much people spend, where they spend, what they spend on, etc. It will not tell people's attitudes toward a particular issue. It will, because it is an ongoing study, allow comparison against a standard or the development of trend analysis, and enable the operator to make decisions based on documented trends rather than casual observation.

TRENDSETTERS

Inner cities leave a lot to be rediscovered

You'd have to be crazy to open a restaurant in the inner city these days. . . . No one drives into the city at night any more. . . . There are too many risks, and it's just not worth it. . . . Stick to the suburbs where it's at least relatively safe. . . .

Attitudes like these are typical to the idea of inner city business. But attitudes are changing. More and more people are taking a second look at the attributes of the city — with sound reason and profitable results.

Pleasant atmosphere, good food, reliable personnel, efficient operations and ample parking are the basic ingredients of any foodservice operation. An inner-city restaurant is no exception. To the contrary, something more than the basics is necessary to draw the crowds back to the city.

There is no question that downtrodden inner cities are going through face-lifts, and the restaurant industry is playing its part. A combination of restoration committees, redevelopment activities and convention centers along with the age-old American search for a new frontier is reinstituting activities in cities across the country. In many inner-city restaurants, the classy look on the inside seems to clash with neighborhood surroundings. This air of mystery seems to intrigue the clientele.

The unique atmosphere of inner-city restaurants. . .

Gordon Sinclair, NRA member and owner of Gordon Restaurant, wanted to open his first business in a very special building. He envisioned an unusual interior, a vintage type with old-world elegance. He found it at 512 North Clark Street, Chicago, IL, in what used to be the coffee shop of the St. Regis Hotel.

The St. Regis was built in 1876 as perhaps Chicago's first luxury high-rise apartment complex. After World War II, it was converted to a plush hotel, visited by the opera and theater set since it was just down the street from a silent film industry.

Although the neighborhood changed over the next 60 years, the building remained pretty much the same, according to Sinclair. "The interior is very special with a wonderful feeling to it. It has extremely high ceilings. The richness of the teak and ceramic floors, glass tiles on walls, and ceilings were beautifully preserved (costly by today's standards). This building was exactly what I was looking for. And best of all it was in a low-rent area and within my grasp," explained Sinclair. The fact that the building was nestled between an adult bookstore and a currency exchange in the rather seedy area of inner-city Chicago did nothing to dampen his delight. In fact, the "gem in the bush" notion appealed to Sinclair.

"A city is gauged by its cultural life, its theaters, its restaurants — the things that make life most enjoyable. Gordon Restaurant makes its contribution to that area, and the city reciprocates with good service." In 1978, the city of Chicago presented Gordon Restaurant with the 1978 Chicago Award — "a foremost recognition for excellence in rehabilitating, renovating, restoring and recycling an existing building."

Looking for a loan. . .

Before Gordon Sinclair opened Gordon Restaurant, he was director of public relations for the Tribune Company. Coming out of the corporate executive world, Sinclair was accustomed to making presentations to sell his thoughts and ideas. He drew from his experience to deal with what is perhaps the hardest single job in the industry — securing a loan to open his business. "I put together a portfolio of statements and projections, a description and theme of the restaurant, why it would sell, market research and all those sophisticated techniques that one would use to influence a financial institution, and I promptly received polite refusals from everywhere I went." In looking back, Sinclair says he can understand why. "With no track record and restaurants being a high risk endeavor, why would a bank want to invest in my fantasy?"

In response to the banks' rejections, Sinclair formed a corporation and sold shares to his friends. Gordon Restaurant was started in 1976 with $50,000. Sinclair put in $15,000 himself and obtained the remainder from shareholders. "It may have been that I was not looking to borrow enough. Perhaps if I asked the bank for half a million. . .," reflects Sinclair.

Sinclair feels that the location of the restaurant had no bearing on the banks' decisions — his lack of experience was the main factor.

"Gordon Restaurant was one of Chicago's first nouvelle, New York-type restaurants. All the "trendies" in town were quick to respond to it," Sinclair added. The restaurant has evolved from a limited but very reasonably priced menu to a full-service restaurant serving five to six courses. Sinclair says that he always has had a smart, young, affluent crowd.

Ambience is the key to success. . .

"The key to our success lies in the ambience we created. It reminds people of places in London, New York, or San

Francisco. We have a good, non-traditional, innovative kitchen, and we like the element of surprise." The menu changes daily.

One might think it would be difficult to find dependable people to wait tables in the inner city. Sinclair will assure you that this is not the case. College students, actors, theater people are readily available. The workers live on the fringes of Chicago and use public transportation. The restaurant is located two blocks from the subway and right on the bus line. Personnel turnover is very low. The staff is well-organized, very professional and a close comradery makes Gordon Restaurant a desirable place to work. "Initially, our staff was very young. Maybe they worked one other restaurant before, maybe not. We weren't stealing waiters from the better houses in town because they couldn't make the money here. Now it's the other way around. Experienced waiters will come here and work as a busboy for a few months while waiting to get in."

Sinclair explains that he is friendly with the political officials, and the city services are good. He cites the example of his request for more frequent street cleanings around his restaurant. He feels that the city's eagerness to comply was due to the fact that Gordon Restaurant is a place Chicagoans can be proud of. Sinclair says that there was a time when cab drivers would try to talk people out of going to that neighborhood because the drivers did not know about the restaurant. "Now they park outside waiting for patrons to come out."

Five years ago, Gordon Sinclair really didn't have much to say about his location. His funds were limited and so was his expertise. Perhaps he just didn't know any better. This was his first restaurant venture. But last Mar. 11, 1981, when he opened his second restaurant, Lexander, at 508 North Clark Street, he knew precisely what he was doing and why he was doing it.

Inner-city success stories continue...

Gordon Sinclair is the author of an inner-city success story, but Atlanta, GA, and Pittsburgh, PA, boast similar tales of inner-city profitability.

Dailey's Restaurant and Bar is the seventh venture of an Atlanta restaurant group known as The Peasant, Inc. **Steve Nygren** and **Dick Dailey** took their chances and founded The Peasant in 1973 with the opening of a restaurant called the Pleasant Peasant in a dilapidated building in a blighted area of Atlanta, GA. The building at 555 Peachtree was built in 1889 as an ice cream parlor and had housed, among other things, five unsuccessful restaurants over the years. Nygren and Dailey borrowed $25,000 and committed themselves to opening in that area simply because, "It was all we could afford," explained Nygren.

Eight years and six restaurants later, Nygren and Dailey chose an old, unused two-storied warehouse in dire need of extensive renovation to be the site of Dailey's.

Aside from hotel restaurants, there was very little to serve the downtown business people and the ever-growing Atlanta convention market.

Convention business and future developments open new markets in the city...

Patricia Bernstein, director of public relations for The Peasant, said, "Downtown Atlanta has had a run of bad press in the past few years, but in looking the site over, we felt that it did not warrant a lack of confidence in the city. There is such an ever-growing convention market here. The location is within a few blocks of the downtown hotels and all the hotels that are on the drawing board for the next few years. The building is located next door to a parking deck and across from Peachtree Center's tower office buildings. The area is in a state of renaissance. It looked very good to us in spite of the address."

There is no question that downtrodden inner cities are going through face-lifts, and the restaurant industry is playing its part.

A little intown seedy with a lot of uptown class...

Stan Topel, a well-known Atlanta interior designer, had been successful in creating the "right look" of other Peasant Co. restaurants and was commissioned to do the same here. With Dailey's, Topel suggested a sophisticated, long-established downtown restaurant with great vitality by juxtaposing the industrial features of the warehouse's high ceilings, exposed beams, brick walls and original plank flooring with the whimsical use of old carousel horses, padded wall fabric, a marble dessert bar and some fine European and American antique accent pieces.

Nygren and Dailey along with **David Douglass**, the general manager of Dailey's, and everyone else at The Peasant Co.,

Compare the St. Regis Hotel coffee shop to the interior of Gordon Restaurant. Yes, you're right, there are a lot of similarities. During the transformation, much of the original room was retained. The original white glass-topped tables are used, and you'll notice that the lamp vases were counter stools.

are pleased with the success of the restaurant. "It was wall-to-wall people from the first minute we opened," stated Dailey. The downtown people had watched the renovation of the building for months. They were awfully eager to see what it would look like. "Dailey's was the first freestanding restaurant to open in downtown Atlanta in more years than anyone can remember," says Dailey.

Five-part success formula revealed...

The Peasant Co. attributes their success to a five-part formula — food, service, price, decor and consistency. According to Bernstein, "Our food is perceived as the best value in town by people who can afford to eat almost anywhere. Also we take tremendous pride in our personnel. Before Dailey's opened, we interviewed 1,100 people to get our staff of 120. We opened with an absolutely first-rate, carefully selected group. We feel that our crew has made us what we are today, and we let them know how much we appreciate them. We offer hospitalization, life insurance and profit sharing, a rare benefit in the business, to all staff. For top management, there is a quarterly cash or check profit-return and an annual management bonus."

A conservative estimate of what The Peasant Co. spends on management training is $80,000 a year. That training involves 16 weeks (with salary) of formal classes in subjects like kitchen development, personnel and communications.

In summary Pat Bernstein says, "Our track record attracts the patrons the first time and our consistently good food, excellent service and pleasant decor keep them coming back. The parking lot next door is just one more convenience."

Dan Casagrande, owner of Brandy's, 2323 Penn Avenue, Pittsburgh, PA, has his very own success story to tell.

Casagrande is a Harvard Business School graduate who lived in the corporate world of large New York businesses. But the Dec. 15, 1978, opening of Brandy's was his first restaurant attempt.

Casagrande chose the site of his restaurant for several reasons. One reason was the proximity of the new convention center, another that he was close to his purveyors, but the main reason was that he was able to purchase the property rather than lease it. Before extensive renovation plans — which included new conduits and plumbing, barn siding, stained glass and skylights — were undertaken, Casagrande wanted to make sure it was his own.

"Money is out there if you want to pay about 2.5 points above floating New York prime, which is what we're paying. We had a good chunk of our own money going into it, but I signed the papers at 21 percent interest which was quite high. The interest rate wouldn't have been any different if I were opening in the suburbs. I had very good cooperation with the banks. I suppose I was one of the very first to start coming into Pittsburgh. Ten years ago, there weren't a whole lot of restaurants in Pittsburgh — five years ago, still not very many, but in the past two to three years, 15 or 25 have opened up and many are still doing well," explained Casagrande.

Inner cities benefit from long hours...

"Pittsburgh has a lot of excellent sports to offer — the Steelers, Pirates, Penguins, boxing, etc. Those sports help bring in the young affluent crowd and also the corporate executive. "We offer 14 entrees, everything is fresh, simple with no fancy sauces. The food looks appetizing and it's good quality. We offer enormous portions at a good value. The fireplace, skylights and plants set a pleasant mood. It's just a commonsense concept that works," says Casagrande. Brandy's boasts the back cover of Pittsburgh's dining guide.

The only thing Dan Casagrande said might be different in the suburbs is that he might not have been able to stay open as many hours. Brandy's is open on Friday and Saturday nights until 5:00 a.m. simply because the business is there from all the activities in town, like the sports, theaters and other bars. Food and drinks are served until 2:00 a.m. and just food until 5:00 a.m. Those hours offer a lucrative market in the inner city that just wouldn't exist in the suburbs.

When asked about his personnel, Casagrande admitted that he'd be lying if he said he never had any problems. He now has 54 people working at the restaurant. Many are family members, but it took a while to find the right kind of people to work there. He reflects, "Let's put it this way. I had never been in the restaurant business before, and how we survived the first three months is beyond me since we had no right to be here in the first place. We learned through the school of hard knocks very quickly. We have now been open three years, business is excellent and we're opening another restaurant in Irwin, PA, which is the downtown area of a small city 21 miles from Pittsburgh."

All of the restaurateurs interviewed said that they never had a problem with crime or vandalism in the inner city. There may be a good explanation for this; they all take sensible precautions, but who wouldn't? One operator said that he has been parking his car across the street since his restaurant opened and nothing has ever happened to it or to anything else that he knows of.

Because of constant attention to good food, qualified personnel and pleasant surroundings, all three restaurant groups are doing extremely well. Well enough to be planning other restaurants in the very near future. What better testimonial to success! It takes a lot of courage to be creatively crazy, but when it works it's well worth it!

Promotion usage for breakfast by CREST quarters	81	80
Dec., Jan., Feb.	7.65	6.50
Mar., Apr., May	6.09	6.07
June, July, Aug.	5.88	4.75
Sept., Oct., Nov.	7.14	6.00

Sample customer comment card

1. Just after leaving here, I am going
   _____ to work
   _____ to school
   _____ home
   _____ to a sporting event
   _____ shopping
2. Composition of party
   _____ adults only
   _____ adults and children
   _____ under 18
   _____ children under 18 only
3. Number in party?
   _____ one
   _____ two
   _____ three
   _____ four
   _____ five or more
4. How often do you dine here?
   _____ this is my first time
   _____ less than once a month
   _____ once or twice a week
   _____ once a week
   _____ two to four times a week
   _____ five or more times a week
5. How would you rate the service you received today?
   _____ excellent
   _____ good
   _____ fair
   _____ poor
   _____ very poor
6. What is your approximate age?
   _____ 18 to 24
   _____ 25 to 34
   _____ 35 to 44
   _____ 45 to 54
   _____ 55 to 64
   _____ 65 or older
7. What is your sex?
   _____ male
   _____ female
8. What is your annual household income?
   _____ under $10,000
   _____ $10,000-$14,999
   _____ $15,000-$19,999
   _____ $20,000-$24,999
   _____ $25,000-$29,999
   _____ $30,000 or over

(For a complete list of comment card questions, consult the *Market Research Handbook*.)

AT YOUR SERVICE

Promote your breakfast fare

Q: *How can I increase my share of the breakfast market?*

A: With breakfast experiencing a growth in customer counts, restaurant operators seeking to take advantage of this trend should consider the use of promotional techniques.

According to data from CREST (Consumer Reports on Eating Share Trends), promotional usage for the breakfast increased every quarter in 1981.

The success of breakfast promotions depends on customer satisfaction. Therefore, an excellent starting point is to determine who your morning customers are.

The sample customer comment questionnaire below, taken from NRA's *Market Research for the Restaurateur*, demonstrates how this information is easily collected. Once your market is identified, the appropriate strategy can be determined.

If your market is comprised largely of patrons who are on their way to work or school, a quick breakfast is probably what they are looking for. Idle salad bars or service carts can be easily converted to breakfast carts. This technique enables customers to choose their own food, while at the same time your labor costs are reduced.

Another trend that is capturing the early morning crowd is the breakfast business meeting. Many executives find the breakfast business meeting to be much more flexible than the traditional lunch meeting.

To attract this group of patrons, Kraft Foodservice, Inc., recommends that a certain area be set aside in the restaurant where business meetings can take place without interference from other diners. Another suggestion is to provide unlimited amounts of coffee or orange juice, accompanied by quick uncomplicated meals.

However, if your customer comment questionnaire indicates that many of your patrons will engage in a recreational activity, such as shopping or a sporting event after this meal, then your promotional techniques will have to be adjusted to reflect a leisurely paced breakfast or brunch. Feature a meal that may emphasize a group activity. Theme brunches work well, such as create your own crepe or omelet and all-you-can-eat specialties. Also, special occasions or holidays are excellent times to promote family breakfasts.

Don't forget the health conscious breakfast eater. High protein cereals, whole-grain breads, fresh fruit, yogurt and blender drinks are among the many possibilities you can offer.

After a specific promotional technique is adopted, be sure to inform customers through table-tent ads, sample printed menus and in-house flyers. Staff should also mention the promotion to customers at the lunch and dinner meal. *NRA's Market Research Handbook for the Restaurateur* will help you analyze and interpret important customer perceptions of your restaurant.

Breakfast promotions can be excellent business builders if they are well thought out and planned. For more information on market research, contact NRA's information service and library in Washington, DC.

TECHNICAL SERVICES

Planning a problem-free roof

Restaurant roofs...

There is no reason that properly installed and maintained roofs should not last the life of your building.

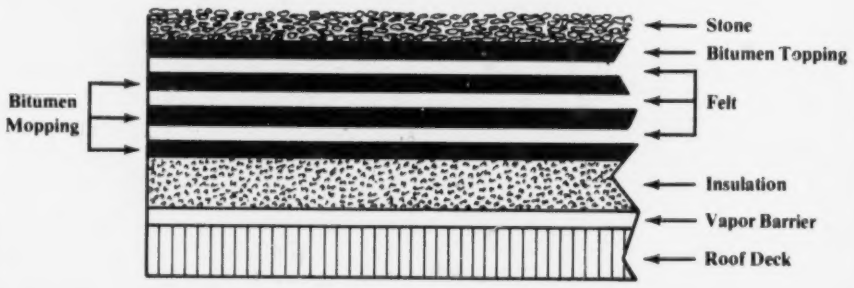
Because of a need to install roof top equipment and to reduce costs, most roofs today are flat. If constructed incorrectly problems will appear. Gravity helps even a badly constructed steep roof to shed water, but a flat roof is designed much like a large bath tub. It requires better engineering and installation to assure continued performance.

Numerous types of roof systems are available today using a number of materials and application methods. However, since most of the existing restaurant roofs are of the built-up classification consisting of felt and bitumen, only this type of roof will be discussed.

Since proper roof installation is an obvious key to an extended roof life, what should one look for to assure getting a good low maintenance, new roof?

Roof deck — The deck is the base of the roof system and must be strong and durable. Decks in some buildings today are constructed of plywood — material that is flexible and lends itself to sagging between widely spaced joists. Sagging will cause water ponding on the finished roof as well as flashing problems.

Vapor barrier — Unless an unbroken vapor barrier is placed below the insulation, water vapor in the interior of the restaurant will condense on the cold underside of roofing felts, saturating the insulation and reducing its effectiveness. It is also possible for the moisture to drip back into the building, staining the ceiling or wetting equipment and food. In some cases, the moisture will remain in the felts to freeze in cold weather and rupture the roof. Certain insulating material, such as cellular glass and other firm materials, provides its own vapor barrier. Some insulation comes with aluminum foil on one side which acts as an effective barrier. Other vapor barriers include aluminum paint, plastic paints and plastic films.



Insulation — Numerous insulation materials are available, and your architect or engineer will make the appropriate selection. However, any restaurant operator should be on the lookout for certain installation practices. Make sure the insulation is protected from adverse weather at all times. All insulation installed during a day's work should be covered, and exposed edges should be protected. Installation of wet insulation is an invitation to roof failure.

Felt and bitumen — Felt provides the strength, and the bitumen provides the waterproofing. There are two categories of bitumen — asphalt derived from the petroleum refining process and coal-tar pitch, a by-product from coking of coal. While pitch is self-sealing, it is considerably more expensive and in certain situations more difficult to install.

Most built-up roofs utilize asphalt. Again problems do not generally originate with the material but with installation. Make certain the felt is protected from the weather and installed dry. Check to see the mopping of the surfaces with bitumen is complete between each ply. Otherwise, voids will develop, permitting moisture accumulation and eventual blistering. Be sure the number of plies called for are installed and that the pitch or asphalt is applied in the quantities called for in the specifications. Many times the bitumen is overheated, which eases the application of the material. However, such thermal abuse of bitumen will reduce the life of your roof.

Flashings — Flashing faults — the most common cause of roof leaks — are an even more likely culprit in restaurant buildings because of the numerous roof penetrations for ducts and equipment. Flashing usually joins two different materials, such as a roof to a wall with different expansion characteristics. The resultant difference in movement causes tears and splits as well as the pulling away of the flashing from adjoining surfaces. Make certain that at least six inches of the flashing is secured to the roof deck and eight inches to the wall with counter flashing above it. Where metal edging is used to seal the roof edge, be certain the required overlap is provided to counter the thermal movement at the joints of the metal and that the joints are sealed with an elastomeric material.

Look for more information on roof maintenance in upcoming issues.

FOOD FOR THOUGHT

SBA help — the key to success

Dr. William Saign

NRA member praises SBA for aid

NRA member Dr. William Saign testified before the U.S. Senate Committee on Small Business in October of 1981 regarding Small Business Administration loans. The following account of Dr. Saign's efforts to secure a loan with an SBA guarantee may be useful to other NRA members in need of loans. For more information on financing a new operation or adding to present facilities, see January's NRA News *for "Small business financing in a tight money market."*

Dr. Saign owns three restaurants in Missouri called Lettuce Leaf. The following is an edited transcript of Dr. Saign's presentation to the Senate.

I am a professor turned restaurateur and owner of the Lettuce Leaf Restaurants. During a sabbatical in 1976, my wife and I created the concept of an entree dinner salad restaurant. There was no restaurant of its kind in the country (and there still is not to this date) so we were doing what no one else had ever done in the food industry.

I approached SBA for a loan and after going through the purgatory of filling out redundant application forms, SBA sent me out to acquire a loan from a bank of my choice suggesting that they would guarantee 90 percent of the loan.

Turned down by banks...

To have achieved this level of success was tough. It involved a number of meetings with SBA. They were not handing me gifts. I visited 17 banks over the next several months and met with no success.

At the seventeenth bank, a young man in his early 20s informed me that I could get a direct loan from SBA — a fact of which I was not aware. I contacted SBA and asked the criteria for a direct loan and told of the letters of refusal from the banks. I had my money very shortly thereafter.

However, I had to attend classes at the SBA office, directed by the house attorney and others explaining in some general but helpful terms the pitfalls of going into a small business. Later, I was assigned an advisor, who was a retired restaurateur, to give me more specific information about restaurants and who would be available anytime I felt I needed him.

Visit by SBA...

After painstakingly building, furnishing, hiring, training and opening our doors months later, we did have visitations by SBA personnel, some of whom I recognized.

The Lettuce Leaf was an instant success. So much so, that we wanted to open a second one in the downtown area of St. Louis about a year later.

I approached SBA for another direct loan and they flatly refused. I inquired about a participating loan and they reluctantly agreed, but only after a very careful examination of our books and financial situation.

Pushed out of the nest...

Another year-and-a-half later, they wouldn't even speak to us for any other kind of loan. They pushed us out of the nest, so to speak, and we successfully acquired a direct loan from a bank in St. Louis for our third restaurant.

In my opinion, the Small Business Administration must be allowed to continue to function for the benefit of the marginally unfinanceable individuals of this country for a number of very important reasons.

- In as much as the very greatest part of innovation, invention and significant change in this country comes about by virtue of necessity or of some deliberate effort and predeterminations, it is indeed these

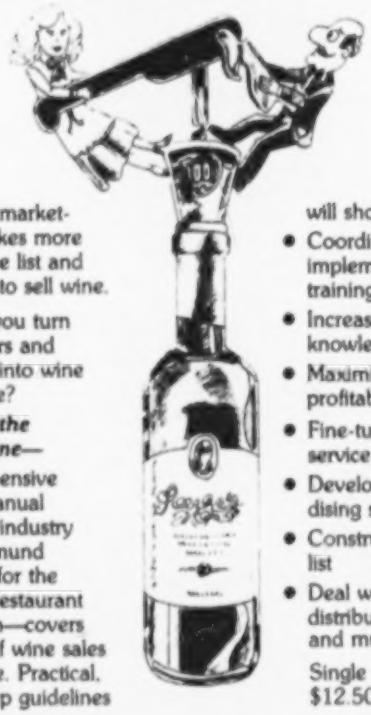
kinds of individuals that we must support and encourage. Many of these kinds of people emanate from the marginal fringe of unfinanceable persons.

- If the SBA is phased out of existence or modified too stringently, these kinds of individuals will have nowhere to turn to for funds. This country will be denied the kind of initiative that made the free enterprise system work in the first place, i.e., when the country was young and when banks and bankers were willing and allowed to make large risk-bearing determinations.

I am not saying that the small or relatively small business person has an exclusive claim on entrepreneurship or imaginative audacity, but, certainly, it is most characteristic of small business.

Thank you for the privilege and honor of appearing before this committee.

A New TWIST to Selling Wine



In today's marketplace, it takes more than a wine list and corkscrew to sell wine.

How can you turn your waiters and waitresses into wine salespeople?

Wine and the Bottom Line—a comprehensive training manual written by industry expert Edmund Osterland for the National Restaurant Association—covers all facets of wine sales and service. Practical, step-by-step guidelines will show how to

- Coordinate and implement a training program
- Increase product knowledge
- Maximize profitability
- Fine-tune wine service
- Develop merchandising skills
- Construct a wine list
- Deal with distributors and much more.

Single copies are $12.50.

Order directly from NRA

Wine and the Bottom Line

Quantity	Catalog #	Price/copy	Subtotal
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Washington and Illinois residents add 6% sales tax			
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EDUCATION

Rate your dining room operations

With the hectic schedule of most foodservice managers, it is hard to step back and look objectively at operational procedures. Yet often this simple exercise is a valuable way of identifying areas in need of attention.

How do you and your managers measure up? The National Restaurant Association's Dining Room Management Seminar is a one-day program designed to improve management skills with tested, money-saving techniques. **Course instructor Aaron B. Donatello,** an experienced manager who is now a full-time instructor/coordinator for NRA, will show attendees how to increase customer and meal counts, attract and maintain a more productive staff, raise average check size without raising prices and enhance efficiency and guest relations.

"Effective managers must be committed to the success of the operation," Donatello explains. "They are responsible for making a profit, strengthening the restaurant's reputation and pleasing customers."

Managers' roles are diverse...

It means taking on a number of roles — that of a business person, administrator, delegator, public relations representative, promoter and host. The Dining Room Management Seminar provides insight on communication, time management, forecasting and the development of leadership qualities. Emphasis is also put on building a "team" of star employees, along with tips on hiring, training, motivation and feedback.

"Today's managers have to be ready to tackle any situation, challenge or problem. They have to be alert, aware, quick-thinking and responsive," Donatello maintains. He notes some common cases. "Say, for instance, sales of tableside desserts are down. Here is a high-profit item going to waste which could be adding a dramatic and memorable flair to the dining experience."

Successful managers, recognizing the importance of suggestive selling and product presentation, know that a server's enthusiastic recommendation will encourage sales. In addition, they realize that demonstrations in the dining room will attract attention and generate interest.

In response, the manager holds a session for employees, teaching them how to prepare desserts in front of guests. Staff learns how to achieve the greatest impact from tableside service, what ingredients are used in each selection and what the items taste like. Soft-sell merchandising is discussed and in some cases, a sales contest is implemented.

The end result is that management has gotten service personnel interested and involved. Selling tableside desserts becomes a group effort. Enthusiasm is fresh and genuine. Check size and profits rise without any price increases.

Another example, Donatello cited, is a 15-minute wait for a table that turns into 30 minutes. With no explanation for the wait, customers can get impatient and begin the dining experience with negative feelings. To avoid customer dissatisfaction, the manager should step in. He or she may want to offer waiting parties a complimentary cocktail to take their minds off the wait, or if the entire evening's reservations are behind, prepare a simple appetizer to give away in the bar or lobby area.

Stay on top of the mood...

The idea is to pay attention to what is happening in the restaurant and handle situations before they become problems. With smart management, everyone comes out a winner — managers, guests, employees and, of course, the house.

In many instances, extra effort pays off profitably. Donatello shows how "sales" calls to nearby businesses can promote goodwill and introduce the restaurant to important new markets. "This easy-to-learn technique demonstrates interest and initiative," he explains. "It lets the community know what you have to offer and gives people a reason to choose your restaurant over the competition.

"You have to sell yourself in today's marketplace," Donatello adds. "But it takes top-notch management to follow through on promises and make sure customers return time after time."

Those who have attended the Dining Room Management Seminar in the past year praise its straight-forward approach and innovative concepts. Results of evaluation forms filled out by participants show that over 98 percent of all attendees rate the seminar as excellent or good and called the program dynamic, motivating, inspiring and professional.

Among those who can benefit from the course are dining room managers, supervisors, owners, operators, trainers, personnel managers, hosts, hostesses, head waiters and waitresses and promotion and guest relation managers.

Upcoming seminar dates are listed in the complete schedule on the inside back cover of this issue of *NRA News*. For information on specific locations, fees, discounts and future sessions, contact the NRA seminar department, (800) 424-5156.

	excellent	satisfactory	needs improvement
Customer count per meal period	____	____	____
Promotional efforts	____	____	____
Merchandising ability	____	____	____
Turnover rate	____	____	____
Employee training program	____	____	____
Product presentation	____	____	____
Communications skills	____	____	____

NRA SEMINAR SCHEDULE

Practical Accounting for Foodservice Managers

Mar. 8	Newport Beach, CA
Mar. 10	Denver, CO
Apr. 19	Boston, MA

Food & Beverage Operations Auditing

Mar. 16	Seattle, WA
Mar. 31	Boston, MA

Bar Management

Mar. 8–10	Tampa, FL
Mar. 15–17	Los Angeles, CA
Apr. 26–28	Philadelphia, PA

Simplified Baking Workshop

Mar. 10	Springfield, MA
Apr. 28	Detroit, MI

Basic Supervision

Apr. 13	San Mateo, CA

Computers

Mar. 22	Cincinnati, OH
Mar. 24	Minneapolis, MN
Apr. 22	Washington, DC

Controlling Beverage Costs

Mar. 1	Seattle, WA
Mar. 4	Honolulu, HI
Mar. 29	Burlington, VT
Apr. 5	Milwaukee, WI
Apr. 7	Chicago, IL
Apr. 13	Houston, TX
Apr. 15	Kansas City, MO

Controlling Food Costs

Feb. 22	San Diego, CA
Feb. 24	Tucson, AZ
Mar. 22	Rochester, NY
Mar. 23	Newark, NJ
Mar. 25	New Haven, CT
Apr. 5	Detroit, MI
Apr. 7	Columbus, OH

Controlling Labor Costs

Feb. 22	Hartford, CT
Feb. 24	Syracuse, NY
Mar. 1	Milwaukee, WI
Mar. 3	Chicago, IL
Mar. 22	Salt Lake City, UT

Creative Merchandising Techniques

Mar. 8	Boston, MA
Mar. 15	Portland, OR
Apr. 8	Denver, CO
Apr. 21	Washington, DC

Dining Room Management

Feb. 22	Topeka, KS
Feb. 24	St. Louis, MO
Mar. 11	Norfolk, VA
Mar. 29	San Antonio, TX
Mar. 31	Dallas, TX

Hiring Hourly Employees

Feb. 22	Portland, OR
Mar. 1	Houston, TX
Mar. 22	Baltimore, MD
Apr. 5	Atlanta, GA
Apr. 13	Portland, ME
Apr. 26	Newport Beach, CA

Improving Food Production Methods

Mar. 9	Newport Beach, CA
Mar. 11	Scottsdale, AZ
Apr. 5	Cherry Hill, NJ
Apr. 22	Rochester, NY
Apr. 29	Pittsburgh, PA

Kitchen Management

Mar. 24	Albuquerque, NM
Apr. 13	Baltimore, MD
Apr. 15	Toledo, OH
Apr. 19	Oklahoma City, OK
Apr. 21	Minneapolis, MN
Apr. 29	Portland, OR

Location! Location! Location!

Mar. 29–30	San Francisco, CA

Market Research

Mar. 4	Chicago, IL
Apr. 3	Seattle, WA
Apr. 6	Long Beach, CA

Marketing for Profit

Apr. 14–15	Los Angeles, CA

Practical Meat Workshop

Mar. 15	Wichita, KS
Mar. 17	Dallas, TX
Apr. 19	Seattle, WA
Apr. 21	Denver, CO

Menu Development

Feb. 23	Philadelphia, PA
Feb. 25	Washington, DC
Mar. 16	Detroit, MI
Mar. 18	Cleveland, OH
Apr. 5	Houston, TX
Apr. 7	Phoenix, AZ

Practical Foodservice Sanitation

Mar. 4	Memphis, TN

Off-Premise Catering

Mar. 8–9	Las Vegas, NV
Mar. 29–30	Boston, MA
Apr. 19–20	Tampa, FL

Performance Review

Feb. 23	Portland, OR
Mar. 2	Houston, TX
Mar. 23	Baltimore, MD
Apr. 6	Atlanta, GA
Apr. 14	Portland, ME
Apr. 27	Newport Beach, CA

Soups & Sauces Workshop

Mar. 15	Toledo, OH
Mar. 31	San Francisco, CA
Apr. 26	Scottsdale, AZ
Apr. 28	San Diego, CA

Super Salads

Mar. 4	Philadelphia, PA
Mar. 25	Williamsburg, VA
Apr. 7	Hartford, CT

Winning! Labor Law Negotiations & Unions

Mar. 29–30	Washington, DC

How to Prepare an Employee Manual

Mar. 15–16	Scottsdale, AZ

Real Estate and Site Selection

Mar. 22–23	Atlanta, GA

Restaurant Design & Facilities Planning

Mar. 15–16	Houston, TX

Special Conferences

Human Resources, June 21–23, Washington, DC

For more information, contact NRA's seminar department in Washington, D.C.

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